

The
Management
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UNDERGRADUATE UNIVERSITY EXAMINATIONS
SCHOOL OF MANAGEMENT AND LEADERSHIP
DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

PSM 400: LEGAL ASPECTS OF PROCUREMENT

DATE: 18TH JULY 2017

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on the question paper.
3. This paper contains Six (6) questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question one carries **25 MARKS** and the rest carry **15 MARKS** each.
7. Write all your answer in the Examination booklet provided.

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

Joseph owned a Toyota Corolla car which he entrusted to Onyango to do some repairs to it. Onyango did not do so but instead used it for his own purposes which included going to a football match which was between his favourite team Ogopa Kogalo and their bitter rivals Chui stars and on the way back from the match had a crash in it. Noticing that the damage was extensive and without any authority from Joseph the owner, Onyango sold the car in its damaged state for ksh. 60,000 to Henry an innocent, and unsuspecting purchaser. Henry, who is a car dealer of used cars went ahead to repair the car. He spent ksh.250,000 on repairing the car. Henry sought a buyer and eventually sold the car to a finance company.

After some while Joseph came to Onyango claiming his car. Failing to find his car, Joseph involved the police department to help trace the car. After police investigations, the car was traced to the finance company. Joseph is having a dilemma as to what to do and has requested to be advised accordingly because he love his Toyota car and does not want to lose it.

Required:

- (a) Using the law of sale of goods, discuss and decide accordingly as to whether Joseph can recover the car from the finance company (10 marks)
- (b) Explain any three defences as applicable under the law of torts. (9 marks)
- (c) Distinguish between express and implied contract terms. (6 marks)

QUESTION TWO

Lynn is a tenant of a home unit owned by Peninah. A forth week ago Lynn received a letter from Peninah in which Peninah stated that he (Peninah) was 'interested in selling' his bungalow and asking Lynn to 'let her know' if she (Lynn) was willing to buy the home unit for the price of Ksh.24, 500,000. Three days later Lynn posted a letter to Peninah in which she agreed to buy the home unit for the price set out in

Peninah's letter. After receiving Lynn's letter, Peninah telephoned Lynn and told her that she had decided that she did not want sell the home unit any more.

Required:

Advise Lynn as to whether she has a contract with Peninah for the sale of the bungalow (15 marks)

QUESTION THREE

- (a) Assess the validity of exclusion and limitation clauses in a contract. (8 marks)
- (b) Explain the nature of consideration as it applies to a contract and show why its presence is an important requirement for a valid contract. (7 marks)

QUESTION FOUR

- (a) Discuss the tendering process and the collateral obligations that arise from the tendering process. (7 marks)
- (b) Describe different methods of contract termination (8 marks)

QUESTION FIVE

- (a) Explain the responsibilities arising from bailment. (8 marks)
- (b) Describe the rights and duties of agents and principals (7 marks)

QUESTION SIX

- (a) Explain breach of confidentiality (5 marks)
- (b) Discuss unfair practices as detailed by Consumer Protection Act No 46 of 2012. (10 marks)

